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# TARIFF REFORM AND THE RESURGENCE OF THE LIBERAL PARTY: MAY 1903 TO FEBRUARY 1904

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Joseph Chamberlain's proclamation of Tariff Reform in 1903 has been universally acknowledged as the most important cause of the reunification of the Liberal party. In May the Colonial Secretary appealed to the country to support a drastic revision in fiscal policy. In October he launched his campaign for preferential tariffs in favor of the colonies to promote imperial consolidation. He linked this with domestic protection which would assist industry and secure revenue for social reform.

On the eve of this free trade struggle the Liberals were just beginning to recover from a decade of internal conflict. After 1894 the party was paralyzed by a factional battle among the heirs of Gladstone.<sup>1</sup> The emergence of Sir Henry Campbell-Bannerman as leader in 1899 did not bring peace to the party, but rather caused a deeper split and more policy reappraisals, for soon after he came to power the South African War broke out. In this conflict the Liberal Imperialists, dominated by Lord Rosebery, supported the government and the policies of High Commissioner Sir Alfred Milner, while the Radicals were all hostile to Milner and, in varying degrees, critical of the war.

During the latter months of the War and with the coming of peace in 1902, Liberal unity was still unattainable. In a speech in December, 1901, Rosebery, with his Liberal Imperialist adherents — Herbert Henry Asquith, Richard Haldane, and Sir Edward Grey — appeared to be giving the lead for the formation of a new party grouping with "efficiency" as its watchword. However, the Balfour Education Act of 1902, which alienated Nonconformity, was of crucial importance in presenting Liberals of all persuasions with a common target. Moreover, as the Liberal Imperialists failed to make headway in the constituencies, and as it became evident that the Unionist administration was declining, Liberal bickerings subsided early in 1903.

Above all, Chamberlain's advocacy of protection came "as a god-send",<sup>2</sup> for free trade was "Liberalism's *sine qua non*."<sup>3</sup> Often elevated

<sup>1</sup> Peter Stansky, *Ambitions and Strategies: The Struggle for the Leadership of the Liberal Party in the 1890's* (Oxford, 1964), p. xi.

<sup>2</sup> R. C. K. Ensor, *England: 1870-1914* (Oxford, 1936), p. 375.

<sup>3</sup> Trevor Wilson claims that free trade "was the symbol of the great

to the status of a dogma, free trade was associated with peace, class harmony, and prosperity. Protection, by contrast, implied to many Englishmen trade wars, corrupt lobbies in parliament, and "dear" food. Since free trade was backed by such powerful traditions, it is not surprising that the morning after Chamberlain's declaration Asquith exclaimed to his wife: "Wonderful news... it is only a question of time when we shall sweep the country."<sup>4</sup>

Asquith's view that a Liberal victory was virtually certain the moment Chamberlain announced his new program was overly optimistic.<sup>5</sup> Subsequent commentators have not realized after Chamberlain's first campaign had collapsed just how desperate and uncertain the fiscal struggle was for nine months after this challenge to free trade. The paradoxical, if temporary, recrudescence of Liberal dissensions which the fiscal controversy caused has also been neglected.<sup>6</sup> Only by February, 1904, was it clear that Chamberlain's bid to convert the country had failed and that Campbell-Bannerman was triumphant over the Liberal Imperialists.

As Chamberlain revealed his plans during the last fortnight in May, many Liberals agreed with Lord Ripon's assessment that this was the most serious crisis in the past 50 years.<sup>7</sup> Campbell-Bannerman reported that "this criminal escapade of Joe's... is playing old Harry with all the party relations. All the warhorses about me... are snorting with excitement."<sup>8</sup> If the Liberal leaders were spoiling for a fight, they failed to reveal it, for (much to the disgust of the Liberal press) their front bench took no part in the May fiscal debates. Their inaction was a sound tactic, as the Liberal leaders did not want to take any action which could heal the divisions in the Unionist ranks.

Chamberlain's call for protection had led to the emergence of a powerful free trade minority within the government party. Inside the cabinet it was known that at least three ministers were implacably opposed to the Colonial Secretary's proposals. They were led by the Duke of Devonshire, by 1903 the most respected aristocrat in English public life. Outside the administration, Sir Michael Hicks Beach, a

Liberal age, the meeting ground of the party's diverse elements, the expression of the Liberal hope for a free society and international reconciliation" (*The Downfall of the Liberal Party* [Ithaca, 1966], p. 374).

<sup>4</sup> *The Autobiography of Margot Asquith*, ed. M. Bonham Carter, one vol. ed. (London, 1962), p. 228.

<sup>5</sup> See, for example, J. A. Spender, *The Life of the Right Hon. Sir Henry Campbell-Bannerman* (London, 1923), II, 136. "At the beginning of 1904 the Free Trade victory was by no means a foregone conclusion."

<sup>6</sup> Roy Jenkins, *Asquith* (London, 1964), p. 140, is the first historian to refer to the revival of Liberal faction which the war caused.

<sup>7</sup> British Museum, Add. MSS. 41225 (Campbell-Bannerman Papers), f. 3: Ripon to Campbell-Bannerman, 30 May 1903.

<sup>8</sup> Spender, *op. cit.*, II, 97.

formidable old Tory who had only retired as Chancellor of the Exchequer in 1902, guided a group of young free traders. The most important were Winston Churchill and Lord Hugh Cecil—the latter being the most brilliant son of the late Prime Minister, Lord Salisbury.

Hicks Beach was soon in touch with the aging Radical, Sir William Harcourt, on the possibility of joint action to thwart Chamberlain. As Harcourt reported to Campbell-Bannerman, he had “just had a long and important conversation with Hicks Beach. He is full of fight and determined to take the leading part in the opposition to the Chamberlain policy.”<sup>9</sup> Younger Unionist free traders, lacking faith in Hicks Beach’s ability to check Chamberlain, made their own contacts with other leading Liberals. Churchill wrote to Rosebery that “if by the aid and under the aegis of Beach we cannot save the Tory Party from Protection I shall look to you.”<sup>10</sup>

During the summer, however, these probes were only exploratory. For the Prime Minister, Arthur Balfour, by June, 1903, had succeeded in getting both Chamberlain and the free traders in the administration to agree to a truce. The terms of the arrangements were that the fiscal issue would remain an open question in the cabinet and that no minister would speak on it until after an inquiry into the state of the economy had been conducted by the Board of Trade.<sup>11</sup>

While the inquiry was in progress, the Liberals refrained from raising the fiscal issue in Parliament. As Campbell-Bannerman explained to his constituency chairman on 15 September 1903:

This is to be a “big fight,” and we shall need all the help we can get: especially the help of the Unionist Free Traders. The very worst thing we could do would have been to make such a move as would necessarily drive them into the Government Camp: to quench instead of fanning the spirit of rebellion among them.<sup>12</sup>

The Unionist truce in any case would not go beyond the last cabinet meeting of the session, scheduled for 14 September, for free traders and Tariff Reformers alike were clamoring for a clear policy decision from the Prime Minister. His decision came at the cabinet meeting on 14 September when he forced the resignation of all the militant free trade ministers except Devonshire, whom he induced to remain. At the same time, Balfour endorsed Chamberlain’s decision to leave the cabinet in an attempt to convert the country to Tariff Reform. A fortnight

<sup>9</sup> Add. MSS. 41220 (Campbell-Bannerman Papers), f. 108: 29 May 1903, marked *Secret*.

<sup>10</sup> National Library of Scotland, Edinburgh, Rosebery Papers, box 8: 29 May 1903, marked *Private*.

<sup>11</sup> Bernard Holland, *Life of the Duke of Devonshire* (London, 1911), II, 309-311.

<sup>12</sup> Spender, *op. cit.*, II, 111.

later the Prime Minister further dismayed free traders by announcing his own policy of moderate fiscal reform, called "Retaliation." He asked the party to back him in seeking popular support for a policy of retaliatory tariffs to counter high foreign duties. Balfour proclaimed this policy as an endeavor to unite the party, and was partially successful even though Devonshire seized this as an excuse to resign.

Despite the Unionist split, many important Liberals did not feel confident about the future. Chamberlain's campaign was just about to start. This protectionist drive coincided with yet another attempt of the Liberal Imperialists to seize control of their party and to try to push Campbell-Bannerman aside. Haldane informed St. Loe Strachey, the Unionist Free Trade editor of the *Spectator*, of the strategy:

I think I had better tell you for your private guidance what we are doing.... A big (speaking) campaign has been initiated. The outcome... will decide who are to be in the front — the C.B.ites or our people. We may compromise by taking Ld. Spencer as a figure head....<sup>13</sup>

Chamberlain's Tariff Reform campaign, the greatest single crusade since Gladstone's Midlothian tours, opened at Glasgow on 6 October 1903. His series of speeches took him through all the major industrial and commercial centers by 19 January 1904. His most effective platform opponent was Asquith who followed him about the country, challenging the Tariff Reform arguments with his powerful logic and mastery of orthodox economic theory. (It was the brilliance of this campaign which clearly established Asquith as Campbell-Bannerman's heir-apparent — a man whom Campbell-Bannerman hereafter referred to as "the Sledgehammer.")<sup>14</sup> But, however intellectually impressive the attacks of Asquith, the crucial point about Chamberlain's crusade was that even informed opinion did not know whether he was winning or losing. For every indication that his campaign was not succeeding, other developments gave credence to Chamberlain's claims that it was.

In the light of this political uncertainty, Liberals noted with relief that the Unionist opponents of Chamberlain finally organized energetically to meet the challenge to free trade. On 24 October sixty-five M. P.'s met to elect the Duke of Devonshire President of the Free Food League,<sup>15</sup> while on 25 November the Unionist Free Traders held their first public rally at the Queen's Hall in London. Nine ex-cabinet ministers attended, revealing the extent of the Unionist opposition to

<sup>13</sup> *Spectator* Offices, London, Strachey Papers: 8 September 1903, marked *Confidential*.

<sup>14</sup> See A. M. Gollin, *The Proconsul in Politics: A Study of Lord Milner in Opposition and in Power* (London, 1964), p. 61.

<sup>15</sup> Philpston House, Linlithgow, West Lothian, Elliot Papers, "List of Free Food League Members of Parliament": "early December 1903."

Chamberlain. Sir Ryland Adkins, "observer" at the rally for the prominent Liberal Lord Spencer, reported to his mentor that "the Duke was very impressive. . . . He is evidently opposed wholeheartedly both to the Prime Minister and to Mr. C[hamberlain]." <sup>16</sup>

Unionist Free Trade determination to fight Chamberlain was clearly stated on 12 December when the Duke issued a public letter calling upon all Unionists not to vote for the Tariff Reform candidates at the crucial London by-elections in Lewisham and Dulwich scheduled for the 15th.<sup>17</sup> This letter made the by-elections the first important electoral test between the Tariff Reformers and the free traders. Neither seat had been contested by the Liberals since 1895. However, in the light of serious Unionist reverses during 1903,<sup>18</sup> and because of the split in the government party, the Liberals expected to win one and possibly both. The famous Radical editor of the *Daily News*, A. G. Gardiner, claimed that "free trade is the very life's blood of London. Of all places London . . . should be the last to support protectionist candidates."<sup>19</sup>

The results of these by-elections, however, were two resounding Chamberlainite victories, and Gardiner the next day lamented that "compared with the hopes aroused on the Liberal and Free Trade side the results are not encouraging." He further speculated as to "whether the Government will be inclined to build on the two London elections and chance an appeal to the country. . . ." The Secretary of the Liberal League, William Allard, was equally despondent, and as he wrote to Rosebery,

allowing that expectation was pitched too high in the case of Dulwich and Lewisham, there is the melancholy fact that we were badly beaten despite certain advantages. I am forced to the conclusion that Dulwich and Lewisham have spoken for many London constituencies.<sup>20</sup>

Writing on the significance of these contests, the defeated candidate in Lewisham, the famous Radical C. F. G. Masterman, claimed that the Unionists had missed a great opportunity. He stated that

Of all the mistakes ever made by any party rendered blind by prosperity and ignorance, time may brand as the greatest the refusal of Mr. Balfour to dissolve Parliament after the Dulwich and Lewisham

<sup>16</sup> Althorp, Northamptonshire, Spencer Papers: 2 December 1903.

<sup>17</sup> *Westminster Gazette*, 15 December.

<sup>18</sup> At the seven by-elections from January to October 1903 the Unionists had lost five seats and held two by greatly reduced majorities (*Annual Register*, 1903, part ii, chronicle of events).

<sup>19</sup> 15 December 1903.

<sup>20</sup> Rosebery Papers, box 106, Liberal League correspondence: 18 December 1903.

elections. The Chief Whip had advised it; Mr. Chamberlain desired it. Fiscal Reform was in the flow of an exultant tide.<sup>21</sup>

The Unionist victories triggered off a series of Liberal anxieties. One of Rosebery's lieutenants, Robert Perks, informed his chief that the newspaperman Harold Harmsworth claimed that Chamberlain "asserts now that he will win the next election altho' a few months (or weeks) ago he said he would be 'badly beaten' in the first and win the second." Perks was alarmed about the reputed magnitude of the Tariff Reformers' resources when he also reported that "Chamberlain tells his broker . . . that he has promises of £140,000 *per annum* — which he hopes to bring up to £200,000."<sup>22</sup> The Liberal Chief Whip, Herbert Gladstone, was just as pessimistic. At a meeting of the Free Trade Union early in January he informed members that the Tariff Reform League had already spend £50,000 and was seeking additional funds. He ruefully estimated that Chamberlain's organization was spending between £5 to £10 for every single pound spent by the Free Trade Union.<sup>23</sup>

Fear that Chamberlain might be strong enough to force an election early in the new year and commit the Unionist party to his whole program, and not merely to retaliation, reconciled many Liberals to seeking an alliance with the Unionist Free Traders.<sup>24</sup> Considerable difficulties, however, lay in the way of an alliance. Unionist Free Traders agreed with the Liberals only in their dedication to free trade. Most Conservative free traders were also traditionally hostile to Liberalism and were bound by deep loyalties to Balfour.

On the other side, the Radical wing of the Liberal party was very suspicious of associating with the Whigs and traditional Tories who composed the majority of the Unionist Free Traders. Balfour's Education Act (which had been passed under the nominal sponsorship of Devonshire) also impeded negotiations, for it had antagonized the Nonconformists. The Liberal party was pledged to enact a new education settlement. As Spencer wrote to Campbell-Bannerman, "we cannot alter our attitude on education. If we did we should greatly weaken the forces in favor of Free Trade, for we should shake the faith and confidence of the Nonconformists who think much more of Education

<sup>21</sup> Quoted in the *National Review*, January 1906.

<sup>22</sup> Rosebery Papers, box 40: 21 December 1903.

<sup>23</sup> British Museum, Add. MSS 46106 (Herbert Gladstone Papers), f. 127, *Notes of Committee Meeting at the Free Trade Union and Memorandum on the Position and Work of the Free Trade Union*: January 1904.

<sup>24</sup> These negotiations are dealt with in detail from the Unionist Free Trade point of view in R. A. Rempel, "The Abortive Negotiations for a Free-Trade Coalition to Defeat Tariff Reform: October 1903 to February 1904," *Proceedings of the South Carolina Historical Association*, 1966, pp. 5-17.

than of fiscal policy.”<sup>25</sup> Spencer was prepared to shelve Home Rule for the time being out of deference to the Unionist Free Traders, but he was not willing to retreat on education: “To clear Home Rule for complete union with Rosebery, Devonshire and Goschen no doubt is necessary... but then there are other questions on which we cannot agree. Education.”<sup>26</sup>

In fact, when the Liberals approached the Nonconformist leaders inquiring whether they would help the Unionist Free Traders in the constituencies, the Free Churchmen refused. This inflexibility depressed Haldane who stated, “I am coming to doubt very much whether we can win the big fight without an alliance with the Duke’s party.” He prophesied further to Perks that unless such an alliance materialized, “the yoke” of the Duke’s Education Act would “remain on the Free Church neck for years to come.”<sup>27</sup>

Finally, the remaining divisions in their own party hindered Liberal negotiations<sup>28</sup> and weakened Campbell-Bannerman’s position in dealing with the Unionist Free Traders, for it was possible that the Liberal Imperialists would come to some arrangement of their own with the Duke’s group. In September Haldane had informed Strachey of the impending Liberal Imperialist campaign to win control of the party.<sup>29</sup> Early in October Haldane and Grey, in a foreshadowing of their “Relugas Compact” of 1905 and in consultation with Rosebery, wrote to Asquith that they would never serve in a Campbell-Bannerman government.<sup>30</sup> Rosebery himself, while disclaiming any intention of ever taking office again, resolved to work for an Asquith ministry composed solely of dedicated free traders. To complicate the situation further, Haldane told Rosebery that his Unionist Free Trade contacts stressed that “the dangers of foreign complication in the event of even a short C. B. ministry” made their juncture with Campbell-Bannerman “out of the question.”<sup>31</sup>

Despite these difficulties, steps had to be taken to coordinate the free trade efforts. The Liberals planned to have the government define its fiscal position in February by moving an amendment to the Address censuring Tariff Reform. If the Unionist Free Traders held to their

<sup>25</sup> Add. MSS. 41220 (Campbell-Bannerman Papers), f. 220: 7 December 1903.

<sup>26</sup> *Ibid.*, f. 219.

<sup>27</sup> Rosebery Papers, box 40: Haldane to Perks, 25 December 1903.

<sup>28</sup> *Op. cit.*, pp. 140-142.

<sup>29</sup> *Supra*, p. 5.

<sup>30</sup> Bodleian Library, Oxford, Asquith Papers, vol. 46, f. 90: Haldane to Asquith, 5 October 1903. Grey and Haldane were with Rosebery when he drew up a “secret memorandum against ever taking office again” and when he said he would work for an Asquith ministry (Asquith Papers, vol. 46, f. 92: Grey to Asquith, 7 October 1903).

<sup>31</sup> National Library of Scotland, Edinburgh, Haldane Papers: 11 November 1903.



convictions and voted with the Opposition they would expose themselves further to the hostility of the party machine and to the attempts of the Tariff Reformers to purge them from their constituencies. Thus as early as 12 December Devonshire asked Rosebery what the Liberals would do to safeguard Unionist Free Traders if they voted against their party.<sup>32</sup> Rosebery conveyed this request to Asquith who in turn relayed it to Campbell-Bannerman.

In response to this overture, Herbert Gladstone pleaded with his leader for a definite policy towards the Unionist Free Traders.<sup>33</sup> Campbell-Bannerman agreed, and it was decided to hold a meeting of Liberal ex-cabinet ministers on 7 January 1904 to decide on a policy. After the meeting, Spencer informed Devonshire that the Liberals would only assist the Unionist Free Traders if they voted for the Liberal amendment.<sup>34</sup>

Just before the Liberal gathering, Lord James of Hereford, a long-time confidant of Devonshire, wrote to Asquith: "... the Duke could not, if he tried, bring our Unionist F. T. members into line with you so long as Campbell-Bannerman is to lead them — our reports on this head are unanimous."<sup>35</sup> Asquith, however, refused to fall in with the aspirations either of the extreme Roseberyites or of James.<sup>36</sup> Instead, he temporized between the Liberal Imperialists and the Radicals loyal to Campbell-Bannerman. His key role in promoting Liberal unity was evident for, instead of promoting friction, his speeches "restored his relations with Campbell-Bannerman."<sup>37</sup> Alone of the Liberal Imperialists, Asquith was in direct contact with his leader, visiting him personally at Dover.<sup>38</sup>

Despite the secrecy of the negotiations, rumors abounded that the Unionist Free Traders were about to coalesce with the Liberals. As early

<sup>32</sup> Chatsworth, Derbyshire, Devonshire Papers, 340.3038: 12 December 1903, Copy.

<sup>33</sup> Asquith Papers, vol. 46, ff. 112-113: Herbert Gladstone to Campbell-Bannerman, 20 December 1903, Copy.

Time is slipping away and excepting certain action which I can take here and there, nothing is being done for the serious and practical consideration of our relations with the Conservative Free Traders.

The letters of G.[eorge] Hamilton and Winston Churchill in today's papers seem to me to require that the Party leaders should meet at the first opportunity to determine whether any definite step can be taken to find some *modus vivendi*...

<sup>34</sup> Devonshire Papers, 340.3056: 7 January 1904.

<sup>35</sup> Asquith Papers, vol. 96, f. 196: James to Asquith, 5 January 1904.

<sup>36</sup> But Margot Asquith "pushed" her husband. She wrote to Strachey asking him to build "Henry" up since, if Campbell-Bannerman was out of the way, Spencer would obviously see that he should "step aside" in favor of her husband. She was right, however, when she proclaimed "H.[enry] is the only man on our side equal to fighting Joe" (Strachey Papers: 3 October 1903, marked *Private*).

<sup>37</sup> Jenkins, *op. cit.*, p. 140.

<sup>38</sup> Asquith Papers, vol. 10, ff. 122-123: Campbell-Bannerman to Asquith, 26 December 1903.

as 26 December Gerald Balfour, President of the Board of Trade and the brother of the Prime Minister, had gloomily observed that there could be no excuse for the Duke's Lewisham letter unless

he means to go further and throw in his lot with the other side. I am inclined to think it is coming to this, and the idea of a coalition party, and (if they succeed in defeating us) a coalition government, formed of Liberals and Free Fooders is once more in the air.<sup>39</sup>

Soon afterwards the Radical *Manchester Guardian* claimed that "the Free Trade Unionist party . . . must come into existence now." Calling on the Duke to approach the Liberals, the editor hoped that the Liberals would "rise above all temptation" to exploit Chamberlain's reversion to Protection "for the selfish advantage of their party."<sup>40</sup> These rumors alarmed many Liberals, and, as Campbell-Bannerman explained to Spencer, he had reassured his own followers in a recent speech:

I have many indications of suspiciousness among our stalwarts that they may be sold into an alliance. So I went against any compromises last night. It is absolutely necessary that that line should be taken by some men, amidst all our colloquings & I thought I had better do it. Winston & Co. may not like it.<sup>41</sup>

The first fortnight in January was the period of maximum Liberal anxiety about Chamberlain's campaign. On 12 January Asquith wrote to Spencer about the plans for a free trade pact: "The situation is so unstable that a crisis may come at any moment and there ought to be no delay in making whatever arrangements are practicable for electoral purposes."<sup>42</sup> Three days later Campbell-Bannerman told Spencer that Gladstone was "urgent for an arrangement with the Duke and his men."<sup>43</sup>

With dramatic suddenness, however, the protectionist boom broke. Between 15 January and 13 February the Liberals won four consecutive by-elections. On 21 January the *St. James Gazette*, a dedicated Tariff Reform paper, was forced to acknowledge that all the talk about Chamberlain's sweeping the country was "prematurely sanguine." After the Liberal victory at Mid Herts, the *Daily News* proclaimed that "the revolt against the Government has spread to the very heart of their Gibraltar — the Home Counties."<sup>44</sup>

Despite the satisfaction it gave them, this "crash" of Chamberlainism had ominous implications for the Unionist Free Traders. Whatever prospects they had had of an effective alliance with the Liberals were

<sup>39</sup> Birmingham University Library, Austen Chamberlain Papers, AC 17/60: Gerald Balfour to Austen Chamberlain, 26 December 1903.

<sup>40</sup> 11 January 1904.

<sup>41</sup> Spencer Papers: 14 January 1904.

<sup>42</sup> Spencer Papers: 12 January 1904.

<sup>43</sup> Spencer Papers: 15 January 1904, marked *Private*.

<sup>44</sup> 15 February 1904.

seriously diminished if not destroyed. Liberals could hardly fail to agree with Devonshire when he remarked to Spencer: "I dare say you will be able to defeat Protection by yourselves."<sup>45</sup>

These Tariff Reform setbacks also permitted Balfour to disavow the full Chamberlain policy during the February fiscal debate in an attempt to prevent the Unionist Free Traders from voting for the Liberal fiscal amendment. His lieutenants advocated only retaliation and denied that the government supported a tax on food and a general tariff.<sup>46</sup> Nevertheless, the debate ended with a shattering government setback. In what the Unionist *Daily Telegraph* called "far and away the most critical division that has occurred since Mr. Gladstone's first Home Rule Bill was defeated,"<sup>47</sup> twenty-seven Unionist Free Traders voted against the government and fourteen abstained.<sup>48</sup>

After this division a Liberal victory at the next election was almost a certainty. (Even Brighton, a traditional bastion of Unionism, fell to the Liberals at a spring by-election in 1905.) The Unionist party was split irrevocably after the debate and "never really recovered before the crash of the General Election of 1906."<sup>49</sup> Jack Sandars, private secretary and confidant of Balfour, claimed that "the only thing which has saved us from disaster has been the most rigid adherence to . . . [Retaliation]."<sup>50</sup> The one consolation, he reported, was that the Liberals had expected to turn the government out. Their disappointment had led to division and rancor between the two free trade groups. "Accordingly," Sandars continued, "smarting from their sense of failure, they have met our malcontents with a cold smile . . . and observe that, after all, there may be greater difficulties in the way of party support in the constituencies than they had imagined."<sup>51</sup>

After February the Liberals felt so certain of winning the next general election that they refused to support Unionist Free Traders unless members of that faction supported the full Liberal program.<sup>52</sup> Thereafter, many of the dynamic young Unionist Free Traders, the most outstanding being Churchill, crossed the floor. (Had a coalition arisen early in 1904, it could not in any case have been a progressive alliance, for most Unionist Free Traders were hostile to social reform.) Moreover,

<sup>45</sup> Spencer Papers: 31 January 1904.

<sup>46</sup> Lady Victoria Hicks Beach, *Life of Sir Michael Hicks Beach* (London, 1932), II, 201-202.

<sup>47</sup> 15 February 1904.

<sup>48</sup> Elliot Papers, "List of Unionist Free Food League votes in fiscal debates during 1904": drawn up in August 1904.

<sup>49</sup> Blanche Dugdale, *Arthur James Balfour* (London, 1936), I, 411.

<sup>50</sup> British Museum, Add. MSS. 49672 (Balfour Papers), f. 80: Sandars to Balfour, 22 February, marked *Confidential*.

<sup>51</sup> *Ibid.*

<sup>52</sup> Arthur Elliot, *Life of Lord Goschen, 1831-1907* (London, 1911), II, 251.

after February the Liberal group most sympathetic to the Unionist Free Traders, the Liberal Imperialists, were, according to Beatrice Webb, at a great disadvantage: "Within the Liberal Party, the Campbell-Bannerman, Spencer, Morley crew ... are in the ascendant and are asserting their right to make the future Cabinet, and include as much or as little of the Roseberyites as they choose." Mrs. Webb explained the Radical ascendancy as due to the "rehabilitation of laissez-faire by the free trade propaganda." She further lamented that "little Englandism, crude democracy, economy and secularism are all again to the front in the official Liberal Party."<sup>53</sup>

This analysis was correct in noting that Campbell-Bannerman was in the ascendancy. Except for one eleventh hour attempt by Haldane and Grey, assisted by a half-hearted Asquith, to unseat the Radical leader on the eve of the formation of the Liberal government, his authority was never again seriously threatened. However, Mrs. Webb was wrong in stating that the primacy of Radicalism meant the unalloyed rehabilitation of laissez-faire.<sup>54</sup> Led by Campbell-Bannerman until his death in 1908 and then inspired by Lloyd George and Churchill, it was the Radical wing of the party which provided the great reforms in the Liberal government after 1906 — reforms which laid the foundations of the British welfare state. Finally, Mrs. Webb's contemptuous dismissal of Radicalism as mere "Little Englandism" grossly distorts Campbell-Bannerman's concept of the Empire. Rejecting Chamberlain's often chimerical imperial views, the Liberal leader stated that the Empire could only develop as a "commonwealth of free nations"<sup>55</sup> in which harmony would be achieved "by applying our Liberal principles ... from which the strength of the Empire has been derived and on which it depends."<sup>56</sup>

<sup>53</sup> *Our Partnership* (London, 1948), ed. by B. Drake and M. Cole, p. 283: entry for 1 March 1904.

<sup>54</sup> The British Marxist historian, E. J. Hobsbawm, explains Beatrice (and Sidney) Webb's failure to perceive the reforming possibilities of the Radicals:

It was not only the striking lack of political sense which led the Webbs to tie their fortunes to the Liberal Imperialists and to neglect or underestimate the men who really were to count in the Liberal revival — Campbell-Bannerman or Lloyd George.... It was also that they quite failed to catch the drift of left-wing liberalism which did actually inject an element of social reform and non-laissez-faire ideology into the Liberal Party ... (*Labouring Men*, no. 14, "The Fabians Reconsidered" [London, 1964], p. 251).

<sup>55</sup> Spender, *op. cit.*, II, 97.

<sup>56</sup> *Ibid.*, I, 282, from a speech at Glasgow on 7 June 1900.